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**STATE OFFICIALS MONITORING MAGELLAN BANKRUPTCY
TO PROTECT MENTAL HEALTH SERVICES**

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NASHVILLE – The anticipated Chapter 11 Bankruptcy filing of Magellan Corp. is not expected to disrupt mental health services in Tennessee, where state officials have worked to protect the two TennCare Behavioral Health Organizations operated by Magellan in anticipation of the bankruptcy filing.

On February 12, the Dept. of Commerce and Insurance, with the collaboration of the Dept. of Mental Health and Developmental Disabilities, entered into an enhanced supervision agreement with both TennCare BHOs, Tennessee Behavioral Health Inc. and Premier Behavioral Health Systems, in order to facilitate Magellan's financial restructuring while protecting TennCare funding.

TDCI's enhanced administrative supervision of TBH and Premier, along with specific amendments to their TennCare contracts, are designed to assure that TennCare funds will be used to provide mental health care to eligible Tennesseans. Magellan officials have assured the state that the company will continue services in Tennessee without interruption while its debt is restructured in the bankruptcy action.

"We are monitoring Magellan's bankruptcy very closely, and will assess the need for any further regulatory action as the bankruptcy proceeds," said Paula Flowers, Commissioner of Commerce and Insurance for Tennessee.

"I for one believe the assurances made by Magellan and its leadership that TBH and Premier are fully able to meet the needs of our TennCare enrollees without disruption," said Virginia Betts, Tennessee's Commissioner of Mental Health and Developmental Disabilities. "However, we have developed a contingency plan to assure that needed mental health services continue uninterrupted for Tennesseans and that our mental health providers are paid."

“The events surrounding Magellan continue to be troublesome, and the state has taken appropriate action to assure continued payments to providers and services to TennCare Partners enrollees,” said Manny Martins, director of TennCare.

Premier is owned by Magellan and HCA Corp. The other TennCare BHO, Tennessee Behavioral Health, is wholly owned by Magellan. The operations of both companies are managed by AdvoCare, another subsidiary of Magellan.

Together, TBH and Premier manage the mental health care for more than 86,000 Tennesseans – adults who are considered severely and persistently mentally ill, or children who are considered severely emotionally disturbed – in the TennCare program.